In The Claims: REPLACEMENT CLAIMS

Amended Claims:

1. A method, with the aid of a computer system, of tracking credit limits for a plurality of tenors of one or more financial instruments, each said tenor associated with one of a plurality of buckets, said method comprising:

receiving a proportional draw down amount associated with each of said plurality of buckets;

assigning a proportional draw down relationship between said buckets based on said proportional draw down amounts associated with each said bucket;

receiving a signal associated with a trade action, said signal including a trade tenor and a trade amount; and

recalculating said proportional draw down amount for each said bucket as a function of said trade amount, said trade tenor and said draw down relationship between said buckets.

5. The method of claim 3 further comprising:

defining said received proportional draw down amount associated with each said bucket as an initial proportional draw down amount (M_i^0) for each of i = 1...N buckets;

said step of recalculating said proportional draw down amount comprising:

implementing a function expressed as

$$M_i^{\alpha+1} = M_i^{\alpha} - (M_i^{\alpha} / M_k^{\alpha}) * X_k,$$

where $M_i^{\alpha+1}$ denotes the value of the proportional draw down for bucket i after α +1 trades, and X_k denotes the size of the trade for bucket k.

7. The method of claim 6 wherein

said calculation of said current available limits comprises:

implementing a function expressed as

$$C_i^{\alpha+1} = \max(\min[M_i^{\alpha+1}, O_i^{\alpha+1}], CL_{min}),$$

where $C_i^{\alpha+1}$ is the current available limit for bucket i after α + 1 trades, CL_{min} is a minimum trade amount below which trades

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will be allowed and max is the maximum function and min is the minimum function.

10. The method of claim 9 further comprising:

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defining said received proportional draw down amount associated with each said bucket as an initial proportional draw down (M_i^0) for each of i = 1...N buckets;

said step of recalculating said proportional draw down amount comprising:

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implementing a function expressed as

$$M_i^{\alpha+1} = M_i^{\alpha} - (M_i^{\alpha} / M_k^{\alpha}) * X_k,$$

where $M_i^{\alpha+1}$ denotes the value of the proportional draw down for bucket i after $\alpha + 1$ trades, and X_k denotes the size of the trade for bucket k;

said calculation of said current available limit comprising:

implementing a function expressed as

$$C_i^{\alpha+1} = \max [C_i^{\alpha} - (M_i / M_k) * X_k, CL_{min}]$$

where $C_i^{\alpha+1}$ is the current available limit for bucket i after $\alpha + 1$ trades, CL_{min} is a minimum trade amount below which trades will be allowed and max is the maximum function and min is the minimum function.

15. The method of claim 14 wherein at least one party identifies a counterparty having at least a first plurality of buckets and a second plurality of buckets associated with said counterparty, said party assigning a first proportional draw amount for each of said first plurality of buckets, said party further assigning a second proportional draw down amount for each of said second plurality of buckets.

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16. The method of claim 15 in which said first proportional draw down amounts associated with said first plurality of buckets are unrelated to said second proportional draw down amounts associated with said second plurality of buckets.

29. A method of trading of financial instruments between institutions comprising:

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identifying a plurality institutions to trade with;

identifying a plurality of buckets;

identifying a set of financial instruments to be traded, each said financial instrument having at least one tenor, each said tenor associated one said bucket;

for each said bucket, receiving an initial available credit limit associated with each said bucket,

assigning a relationship to said available credit limits, wherein credit extended on one of said tenors reduces said available credit in said associated bucket and further reduces said available credit for said other buckets in said plurality of buckets, said available credit being reduced in proportion to said initial assigned credit limits;

trading said securities; and

for each trade, recalculating said available credit limit for each said bucket based on said relationship of said credit limits.

30. A system for tracking credit limits among a plurality of trading entities trading a plurality of tenors of one or more financial instruments, comprising:

a database, said database storing:

a plurality of buckets, each bucket associated with a range of tenors of said one or more financial instruments;

for at least one association between a first trading entity and a second trading entity, a proportional draw down relationship said buckets;

for said association between said first trading entity and said second trading entity, a current available limit for each said bucket associated with each said other trading entity; and

an interface adapted to receive a signal from a trading system, said signal associated with a trade action, said signal including a first party, a second party, a trade financial instrument, a trade tenor and a trade amount;

a server coupled to said interface and said database, said server adapted to:

in response to receiving said trade signal, recalculate said current available limit between said first party and said second party as a function of said trade amount and said trade tenor; and

calculate a current available limit between said first party and said second for each said trade bucket associated with said trade financial instrument.

33. A method, with the aid of a computer system, of tracking credit limits for a plurality of tenors of one or more financial instruments, each said tenor associated with one of a plurality of buckets, said method comprising:

assigning a proportional draw down relationship between said buckets;

calculating an initial overriding credit limit for each said bucket;

receiving a signal associated with a trade action, said signal including a trade tenor and a trade amount; and

recalculating said overriding credit limit for each said bucket as a function of said trade amount, said trade tenor and said proportional draw down relationship.

New Claims:

34. The method of claim 1, wherein said receiving a proportional draw down amount associated with each of said plurality of buckets comprises:

receiving a single monetary amount associated with one said bucket of said plurality of buckets, said single monetary amount defining the proportional draw down amount for said one bucket;

for each remaining bucket of said plurality of buckets, receiving a ratio to said single monetary amount, said proportional draw down amount for said remaining bucket being determined by multiplying said ratio by said single monetary amount.

35. The method of claim 1, wherein said proportional draw down amount for each said bucket is expressed as a normalized amount.